

LICENSING AGREEMENT

This constitutes a formal licensing agreement between the United States Naval Academy (USNA), an instrumentality of the United States Government, and the Naval Academy Athletic Association (NAAA), a non-profit organization in the State of Maryland, separate from USNA, having its principal place of business at USNA, Annapolis, Maryland, 21402, whose purpose is to promote and assist in financing the athletic program of the USNA.

Whereas, USNA warrants it is the owner of certain property to wit: words, symbols, and slogans including but not limited to the "Naval Academy Seal"; and the marks, "United States Naval Academy"; "U.S. Naval Academy"; "Naval Academy"; and the abbreviation "USNA" (hereinafter referred to as the "marks"). USNA further warrants that USNA has trademark applications pending for the "Naval Academy Seal"; and the marks, "United States Naval Academy", and "USNA" on behalf of the United States, both as Trademarks and Service Marks on the Principal Register of the United States Patent and Trademark Office;

Whereas, NAAA desires to license use of the USNA marks; and

Whereas, USNA is willing to have NAAA license use of the marks so as to preserve the integrity, character and dignity of USNA and maintain the reputation for sale of high quality merchandise;

Now, the parties agree as follows:

1. USNA hereby grants NAAA a non-exclusive license to use the marks in connection with the manufacture and sale of products displaying the marks; to include, but not limited to: jewelry, jackets, t-shirts, sweatshirts, sports events programs and schedules, glass beverageware, novelty buttons and cloth pennants.
2. NAAA will make a one-time royalty payment of \$300.00 in the form of a check made payable to the U.S. Treasury within ten (10) days after the effective date of this Agreement, thereafter making an annual royalty payment of \$100.00.
3. NAAA warrants that any further licensing or use of the marks under this agreement are and/or will be limited to goods and products of such quality and appearance as to favorably reflect upon USNA's reputation as a military and educational institution. Towards this end, this and any additional license must include the requirement that NAAA review and approve all products depicting the marks, subject to final approval by USNA. Any additional license must also include royalty exemptions on mandatory issue items sold in the Midshipmen Store; USNA purchases for internal consumption (to include uniform items and awards); and the manufacture and sale of class rings and graduation announcements.

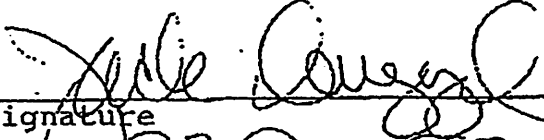
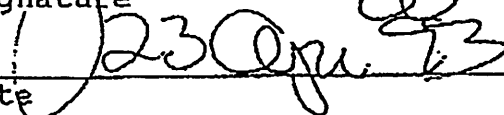
4. NAAA further warrants that any additional licensing of the marks will be in full compliance with all state and federal laws and regulations and will not violate the property rights of any third party. NAAA agrees to indemnify and hold USNA and the United States harmless against any claim, demand, suit or judgment, including reasonable attorney's fees, which may be levied against it as a result of NAAA's actions of a violation of the terms of this Agreement.

5. NAAA hereby acknowledges USNA's continued right to use and control the use of the marks. Notwithstanding the termination of this Agreement, NAAA agrees it will not personally or in concert with others, either challenge or violate USNA's right to control the use of the marks.

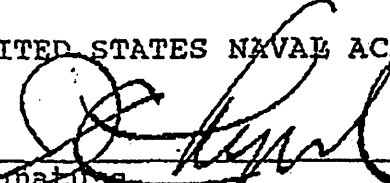

6. This agreement shall commence as of the date it is signed by both parties. Thereafter, it shall remain in force until either sends written notice to the other of its intent to terminate this Agreement. Such notice of termination shall be sent to the last known address of the other party. The termination shall be effective as of the date of mailing of the notice letter. However, if at the time of such termination NAAA is in full compliance with this Agreement, it shall have a period of one year to fulfill all orders existing as of the date of termination and/or sell all inventory that, on the termination date, either exists or was in the process of manufacture.

7. This Agreement replaces all previous agreements between the parties, whether written or oral regarding the commercial use of USNA's marks. This Agreement may not be amended, assigned or transferred unless such action is done in writing and is signed by both parties.

NAVAL ACADEMY ATHLETIC ASSOCIATION


Signature

Date

UNITED STATES NAVAL ACADEMY


Signature

Date

ADDENDUM TO LICENSING AGREEMENT

This addendum establishes the distribution of any profits that may be derived from NAAA's use of the non-exclusive license. USNA and NAAA hereby agree to the following:

1. The net profits derived by NAAA from the non-exclusive license granted by USNA to use its marks and the net profits generated by the marketing of NAAA's "N Star Goat", the "Charging Goat", and any future marks owned by NAAA but representing USNA interests will be disbursed as follows: forty percent (40%) of all net profits will be remitted to the USNA General Gift Fund by NAAA and sixty percent (60%) of all net profits will be retained by NAAA. The 40% net profits remitted to the General Gift Fund by NAAA will be done on a semi-annual basis for the periods ending 31 May and 30 November of each year. NAAA will provide the Superintendent with financial reports relating to the operation under the non-exclusive license and the marketing of its trademarks upon reasonable request.

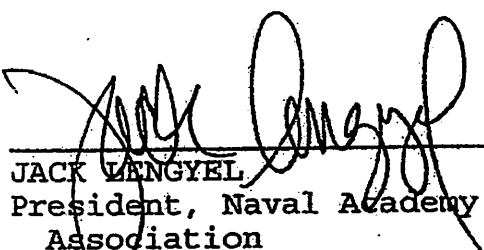
2. The Superintendent will determine the use of the General Gift Fund through the Memorials and Gifts Advisory Board.

3. The NAAA will deposit its profits in the NAAA general fund and will use them to assist in financing the athletic program of the USNA per its constitution.


4. Amendments may be made only by mutual agreement of USNA and NAAA.

5. The terms of termination are the same as paragraph 6 of the basic licensing agreement.

6. This agreement supersedes any existing oral or written agreement regarding the distribution of profits flowing from the non-exclusive license granted by USNA to NAAA to use the "Seal" and marks representing USNA.

 2/7/96

JACK LENGYEL (Date)
President, Naval Academy Athletic
Association

 2/16/96

C. R. LARSON, ADM, USN (Date)
Superintendent
U.S. Naval Academy